

**RHODE ISLAND DSM COLLABORATIVE
FEBRUARY 12, 2004
MEETING MINUTES**

Attendance

Non-Utility Parties	For Narragansett Electric
Bill Lueker, RIAG for the Division	Fred Mason
Bill Martin, TEC-RI	Carol White
Doug Hartley, RI PUC	Michael McAteer
Janice McClanaghan, RI SEO	Laura McNaughton
Dave Stearns, Division	Jeremy Newberger
Al Contente, Division	Terry Schwennesen
Tim Woolf, for the Division	

Absent: Doug Hartley, RI PUC

Meeting Highlights

- New Collaborative members were introduced.
 - The Collaborative agenda for 2004 was reviewed.
 - Preliminary year end results for 2003 indicate that savings in Commercial and Industrial and Residential sectors exceeded targets, while expenditures were very close to budgeted amounts.
 - The Collaborative agreed on a format for the quarterly reports specified in the Settlement Document.
 - The Collaborative accepted the Company's proposed evaluation plan for 2004.
 - The Company proposed a revised comprehensiveness performance metric for the Small Business Services metric, in the wake of the HVAC tune-up pilot proving to be not cost-effective. The Collaborative established a procedure for commenting and approving the revised metric.
 - The Collaborative established a schedule for its meeting in 2004.
 - The Company informed the Collaborative that a tentative local demand response target for summer 2004 had been selected in Rhode Island.
-

Meeting Details

The first Rhode Island DSM Collaborative meeting of 2004 began at 9:07 a.m. at the offices of the Narragansett Electric Company in Providence, RI.

1. Introductions

Members introduced themselves. New members this year are: Bill Martin of Johnson and Wales University, representing TEC-RI; Erich Stephens, of People's Light and Power, representing the Coalition for Consumer Justice; and Fred Mason, VP of Business Services of Narragansett Electric. Jeremy Newberger circulated a contact list of all collaborative members. See Supplemental Item 1.

2. Review of 2004 Settlement

Terry Schwennesen reviewed the 2004 Settlement that was approved by the RI PUC. Her presentation is included as Supplemental Item 2. She noted the changes to the settlement since it was filed in September and revised in November, in particular with respect to the metrics. A new complete Settlement document may be refiled.

3. 2004 Obligations

Jeremy Newberger reviewed the Collaborative's 2004 Obligations from the settlement (Item 3). The obligation to file the 2005 program proposal/settlement by October 1, 2004 was omitted from the list, and was noted as an addition.

<p><i>Action Item: At each meeting during 2004, the Collaborative may identify items, if any, that should be considered for the 2005 programs.</i></p>
--

4. 2003 Preliminary Year End Results

A. Commercial and Industrial Programs

Michael McAteer reviewed the results for 2003. The row header for "Load Response" was omitted. See Revised Item 4.

Al Contente noted that Energy Initiative spending was almost twice that of Design 2000 *plus*. There was a discussion about how the Company identifies and tracks new construction prospects. The Company performed a market penetration study in 2000. Michael McAteer noted that the Company was involved in many new construction projects, but did not influence full implementation of energy efficiency due to many factors.

B. Residential Programs

Laura McNaughton reviewed the results for 2003. See Revised Item 4.

<p><i>Action Item: The Company will resolve whether residential participant targets reflect budget transfers made in 2003.</i></p>
--

Participation targets were indeed updated at the time of the True-Up filing in May 2003. Revised Item 4 shows the updated targets. EnergyStar Heating and EnergyStar HVAC targets were not updated in September 2003 when funds were transferred to the former program to the latter.

Action Item: Laura will provide a breakdown of EnergyStar Products participation between air conditioners, clothes washers, and refrigerators.

Action Item: Laura to confirm that to receive a rebate under EnergyStar Air Conditioning the air conditioner serial number and the installer's social security number must be submitted.

Janice McClanaghan noted that there are heating fuel savings for the EnergyStar heating program, the new heating component of the SBS program, and the anticipated program to replace old boilers for large business customers. Janice reported that there are already 150 EnergyStar heating applications pending for 2004, and the other services may prove to be as popular. The Company will probably report only electric spending and savings, since the heating service is not paid for from DSM funds, but will calculate the benefit cost ratio including the non-electric benefits.

Action Item: The Company needs to work on collecting data to support reporting of non-electric benefits.

5. Quarterly Report Format

Jeremy Newberger proposed using the format of the preliminary year end results (see above) as the format for the quarterly reports. Collaborative members supported this proposal with the following additions:

- Add explanatory footnotes
- Include a summary report on performance metrics, acknowledging that data on metric progress often lags savings results.

6. Evaluation Plan

Jeremy Newberger presented the proposed evaluation plan. The proposed study list focuses on impacts (quantitative program results). A few additional studies report on process or market assessment. Carol White described the factors that influence whether the Company should perform a study in a given year: age of previous study, recent significant program changes, magnitude of program impacts, potential to leverage evaluation resources by co-sponsoring study. Evaluation results in Rhode Island primarily are used as an important input into program planning. They are not used to calculate the shareholder incentive.

All planned studies are currently budgeted to cost \$266,000, leaving funds for additional studies as needed. Two potential areas for study are market share monitoring and commercial and industrial baselines. The Company will inform the Collaborative of any additional studies it proposes to perform. There was some discussion about using DSM funds to evaluate the Demand Response program.

The Collaborative accepted the Company's evaluation plan for 2004.

*Action Item: The Company will revise the evaluation plan to add a column to indicate 2004 cost and total study costs.
See Revised Item 6.*

Action Item: The Company will present a summary of available evaluation results to the Collaborative in July or August.

7. Small Business Services Tune-Up and Comprehensiveness Metric

Jeremy Newberger reported the results of the small business service HVAC tune-up pilot indicated that it was not cost effective, due to high variability of savings from the pilot installation sites. Carol White reminded that the pilot customers were hand-picked to enhance measurability of savings, so that the prospects of an expanded tune-up offering are not encouraging. The Company will continue to review the pilot evaluation to learn about the factors that influenced the meager savings and whether results could be improved.

The Small Business Services comprehensiveness metric, in revised Attachment 7 of the Settlement filing, was set at 14% contingent on the pilot study results. With the tune-up not being cost effective, the metric needs to be revised. Michael McAteer distributed a spreadsheet detailing the custom small business projects initiated in 2004, see Supplemental Item 7. The data indicates a comprehensiveness measure of about 3% (20 measures/664 customers). He proposed a comprehensiveness indicator of 4% for the 2004 metric.

Action Item: Jeremy Newberger to provide a copy of the revised Settlement Attachment 7, filed November 6, 2003, to Erich Stephens.

The file was e-mailed to Erich Stephens and Bill Martin on February 17.

Action Item: Collaborative members will respond to Jeremy Newberger by Friday February 27 with questions or alternative proposals about the proposed SBS Comprehensiveness target of 4%. If there are no responses, the proposed target of 4% will be considered to be approved. If there are questions or alternatives, the Company will respond and set up a conference call on March 15 at 10 a.m. to finalize the target.

8. Meeting Schedule

The Collaborative established the following schedule for its 2004 meetings. All meetings will be at Narragansett Electric in Providence unless otherwise indicated:

Monday March 15 (if necessary) Teleconference to finalize SBS target.

Wednesday, May 19, 9 a.m. to noon

Wednesday, July 14, 9 a.m. to noon

Wednesday, August 4, 9 a.m. to 3 p.m., Johnson and Wales University

Wednesday, September 8, 9 a.m. to noon.

November, TBA

With the inclusion of the present meeting, the scheduled meetings will fulfill the Collaborative's obligation to meet no less than six times in 2004. Other meetings may be scheduled as necessary.

9. Other Business

Jeremy Newberger indicated that the Company has identified a candidate site for its Demand Response Initiative in 2004. There are two target substations in the Warwick area that need load relief in advance of the completion of a new substation. Work on the new substation has been delayed by the harsh winter weather. The target area includes the airport and correctional facility in Warwick, as well as the RI PUC building.

The meeting adjourned at approximately 12:30 p.m.

Minutes prepared by Jeremy Newberger.

RHODE ISLAND DSM COLLABORATIVE CONTACT LIST – 2004

NAME	ORGANIZATION	ADDRESS	PHONE	E-MAIL
Arline Bolvin	Coalition for Consumer Justice	50 Browne Street PO Box 8015 Cranston, RI 02920	(401) 270-6205	arlineb1@cox.net
Roger Buck	TEC-RI		(401) 848-0107	TECRIBUCK@aol.com
Al Contente	RI Division of Public Utilities and Carriers	89 Jefferson Blvd. Warwick RI, 02888	(401) 941-4500 x121	al.contente@ripuc.state.ri.us
Doug Hartley	RI PUC	89 Jefferson Blvd. Warwick RI, 02888	(401) 941-4500 x157	dhartley@gwia.ripuc.org
Bill Lueker	RI Attorney General (for Division)	150 South Main Street, Providence, RI 02903	(401) 222-2424 x2299	wlueker@riag.state.ri.us
Bill Martin	Johnson & Wales Univ. (for TEC-RI)	8 Abbott Park Place Providence, RI 02903	(401) 598-2971	bmartin@jwu.edu
Janice McClanaghan	Dept. of Administration - Energy Office	One Capitol Hill Providence, RI 02908	(401) 222-3370	JaniceM@gw.doa.state.ri.us
David Stearns	RI Division of Public Utilities and Carriers	89 Jefferson Blvd. Warwick RI, 02888	(401) 941-4500 x114	david.stearns@ripuc.state.ri.us
Erich Stephens	People's Power and Light (for CCJ)	11 S. Angell St. #195 Providence RI 02906	(401) 861-6111	erich@ripower.org
Timothy Woolf	Synapse Energy Economics (for Division)	22 Pearl Street Cambridge, MA 02139	(617) 661-3248	twoolf@synapse-energy.com
Fred Mason	NECo	280 Melrose Street, Providence, RI, 02901	(401) 784-7510	fred.mason@us.ngrid.com
Michael McAteer	NG Service Co (for NECo)	55 Bearfoot Road, Northborough, MA 01582	(508) 421-7225	michael.mcateer@us.ngrid.com
Laura McNaughton	NG Service Co (for NECo)	55 Bearfoot Road, Northborough, MA 01582	(508) 421-7215	laura.mcnaughton@us.ngrid.com
Jeremy Newberger	NG Service Co (for NECo)	55 Bearfoot Road, Northborough, MA 01582	(508) 421-7216	jeremy.newberger@us.ngrid.com
Terry Schwennesen	NECo	280 Melrose Street, Providence, RI, 02901	(401) 784-7644	terry.schwennesen@us.ngrid.com
Carol White	NG Service Co (for NECo)	55 Bearfoot Road, Northborough, MA 01582	(508) 421-7460	carol.white@us.ngrid.com

2004 Settlement

RI Collaborative Meeting

February 12, 2004

Narragansett Electric

A **National Grid** Company



Overview

- ◆ **The Collaborative Process**
- ◆ **Collaborative Responsibilities for 2004**
- ◆ **Budget Review**
- ◆ **Transfer of Funds**
- ◆ **Reporting Requirements**
- ◆ **Other Issues for 2004**



The Collaborative Process

- ◆ **Collaborative Members = Parties in Docket 3463**
 - ◆ **Division; TEC-RI; CCJ; SEO; NECo**
 - ◆ **Plus any other designee of the Commission**
- ◆ **The goal of the Collaborative will be to reach consensus**
- ◆ **If agreement cannot be reached, the Company may unilaterally file its 2005 DSM program by October 1, 2004**



Collaborative Responsibilities for 2004

- ◆ **Meet no less than 6 times in 2004**
- ◆ **Review status and performance of the 2004 programs (see budget review)**
- ◆ **Review Company's proposed 2005 DSM programs and performance metrics**
- ◆ **Review the status of program budgets regularly to assess whether they are likely to come to a successful completion**



Budget Review

- ◆ **The Company will attempt to spend or commit all funds available for DSM in a given year**
- ◆ **The Company will true-up actual 2003 spending by no later than May 2004 for purposes of reallocating and adjusting the 2004 budget**
- ◆ **The Collaborative will review program budget status again in August 2004 for possible reallocation**



Transfer of Funds (Section IV. B)

- ◆ **Fund Transfers of 20% or less of Sector budget require Division approval**
- ◆ **Fund Transfers of > 20% require Commission approval**
- ◆ **Company is prohibited from adjusting incentive targets for fund transfers**



Reporting Requirements

- ◆ **2003 year-end report to Parties and Commission by May 1, 2004**
- ◆ **Quarterly reports to Division and Commission on program performance**
- ◆ **Evaluation results provided to the Collaborative no later than September 2004**



Other Issues for 2004

- ◆ **Seek competitive bids for Small Business Services program implementation services**
- ◆ **Participate in RI Greenhouse Gas Stakeholders Group**
- ◆ **Implement performance metrics that contribute to Company incentive for first time**
- ◆ **Maintain good communications with RIPUC re: energy efficiency activities**



RI DSM Collaborative 2004 Obligations

- Collaborative
 - Meet no less than six times (either in person or by telephone)
 - Review the status and performance of the Company's 2004 DSM programs
 - Review Company's proposed 2005 DSM programs and performance metrics.
 - Review the status of program budgets regularly to assess whether they are likely to come to a successful completion; if not, review the advisability of transferring funds to other programs where the money could be more effectively used.
- Company
 - Provide quarterly reports to the Division and the Commission on the most currently available program performance. These reports will include a comparison of budgets and goals by program to actual expenses and savings on a year-to-date basis.
 - Seek competitive bids for Small Business Services program implementation services to be provided in calendar years 2005 and 2006. The Collaborative will also review the desirability of extending the new contract for an additional year.
- Calendar
 - By May 1 – Company files Year-End Report on the 2003 programs
 - By May 31 -- Parties agree to true-up each of the components of the budget calculation that are currently projected with actual year-end numbers.
 - By May 31 -- If evaluation findings indicate that the SBS HVAC Tune-Up measure is not cost-effective, the Company will work with the Collaborative to modify the target for the related metric and will include the modified target in its True-Up Filing.
 - August -- The Parties will review the components of the budget calculation in order to obtain the best information available about the amount of funds available and determine how best to use them in 2004.
 - August -- The Parties will review spending on the Distribution Demand Response initiative compared to the budget and will identify funds, if any, to be transferred to another program. The Company will assess and discuss with the other members of the Collaborative the cost-effectiveness of this effort prior to developing DSM plans for 2005.
 - Early September -- The Company will provide to the Parties a summary of evaluation results along with a memo summarizing the impact of those results on Narragansett's programs.

By May 1, 2005 -- The Company will report on (1) metric results, (2) earned incentives and (3) program results compared to these final revised budgets and goals for 2004 in its Year-End Report for 2004.

NARRAGANSETT ELECTRIC COMPANY

Table 1. Summary of 2003 Target and Preliminary Year End Results

	Demand Reduction (Annual kW)			Energy Savings (Annual MWh)			Customer Participation (Completed Projects)			Spending (\$ 000)		
	Approved Target	Prelim Year End	Pct Achieved	Approved Target (6)	Prelim Year End	Pct Achieved	Approved Target	Prelim Year End	Pct Achieved	Approved Target	Prelim Year End	Pct Achieved
Large Commercial / Industrial												
Design 2000 <i>plus</i> (1)(2)	2,178	2,241	102.9%	9,746	8,746	89.7%	453	239	52.8%	\$3,401.4	\$2,723.9	80.1%
Energy Initiative (1)(2)	3,389	4,185	123.5%	15,221	18,981	124.7%	347	338	97.4%	4,014.9	4,267.3	106.3%
Load Response										\$25.6		0.0%
SUBTOTAL	5,567	6,425	115.4%	24,967	27,727	111.1%	800	577	72.1%	\$7,441.9	\$6,991.2	93.9%
Small Business												
Small Business (3)	1,730	1,690	97.7%	5,261	5,357	101.8%	664	662	99.7%	\$2,138.9	\$2,351.7	109.9%
SUBTOTAL	1,730	1,690	97.7%	5,261	5,357	101.8%	664	662	99.7%	\$2,138.9	\$2,351.7	109.9%
Residential Programs												
IN-HOME	3,456	3,351	97.0%	4,138	4,721	114.1%	11,060	10,896	98.5%	3,441.4	\$3,538.0	102.8%
AMP	130	143	110.0%	849	884	104.1%	700	605	86.4%	952.0	1,039.4	109.2%
Energy Wise	707	825	116.6%	3,289	3,837	116.7%	5,768	5,951	103.2%	2,330.0	2,411.7	103.5%
Home Energy Management (5)	2,619	2,383	91.0%	0	0	n/a	4,592	4,340	94.5%	159.4	86.9	54.5%
PRODUCTS	2,728	4,705	172.4%	9,070	16,001	176.4%	52,190	80,505	154.3%	2,121.2	2,298.1	108.3%
Energy Star Products	184	473	257.6%	417	959	229.7%	3,440	7,125	207.1%	448.6	559.6	124.8%
Energy Star Lighting	2,442	4,173	170.9%	8,585	15,000	174.7%	48,000	72,691	151.4%	1,168.6	1,246.7	106.7%
Energy Star Heating System	6	6	100.0%	11	12	108.5%	550	597	108.5%	308.2	316.5	102.7%
Energy Star Air Conditioning	97	53	54.6%	56	31	54.5%	200	92	46.0%	195.8	175.2	89.5%
INFORMATION AND EDUCATION	0	0	n/a	0	0	n/a	0	0	n/a	106.9	102.9	96.2%
NEW CONSTRUCTION	108	119	110.7%	141	377	267.4%	300	267	89.0%	521.3	656.4	125.9%
SUBTOTAL	6,291	8,174	129.9%	13,349	21,099	158.1%	63,550	91,668	144.2%	\$6,190.8	\$6,595.4	106.5%
TOTAL	13,587	16,289	119.9%	43,577	54,183	124.3%	65,014	92,907	142.9%	\$15,771.6	\$15,938.3	101.1%

NOTES

(1) Approved Target and Year End spending for Design 2000*plus* and Energy Initiative exclude commitments.

(2) Year End Spending for Design 2000*Plus* and Energy Initiative will be adjusted to be net of technical assistance copays.

(3) Approved Target and Year End spending for the Small Business Program is net of all copay amounts that will be collected from customers.

(4) ES Heating and A/C targets were not updated at time of September budget transfer from latter to former

(5) Funds expended for maintenance of Home Energy Management savings from system installed prior to 1998.

Recommended Studies for 2004 - Narragansett Electric

Program	Study	Company-Specific	Expected Start Date	Expected Completion Date	Priority	RI Cost 2004	Total RI Cost
AMP	Impact	Company	Feb-04	May-04	H	\$7,850	\$7,850
EI/D2	Custom HVAC (2003)	Company	Jun-04	Apr-05	H	\$22,441	\$33,662
EI/D2	Custom Process (2003)	Company	Jun-04	Apr-05	H	\$33,672	\$50,508
EI/D2	Custom Process 2002	Company	Ongoing	Apr-04	H	\$16,808	\$44,440
EI/D2	Custom CDA 2002	Company	Ongoing	Apr-04	H	\$4,253	\$15,840
EI/D2	Custom Sample Design and Analysis	Company	Early 2004	Mid 2004	H	\$3,491	\$3,491
EI/SBS	Lighting demand study	Company	Feb-04	May-04	H	\$23,848	\$23,848
Energy Wise	Multifamily impact eval-maybe ¹	Company	Feb-04	May-04	H	\$13,710	\$13,710
Energy Wise	Refrigerator metering study	Joint	Ongoing	May-04	H	\$7,500	\$8,699
ES Lighting	Impact Eval	Joint	Feb-04	May-04	H	\$26,495	\$26,495
Load Response	Impact	Company	Oct-04	Dec-04	H	\$11,769	\$11,769
Load Response	Process	Company	Sep-04	Dec-04	H	\$10,335	\$10,335
SBS	Impact	Company	Feb-04	May-04	H	\$28,043	\$28,043
D2	Chiller Impact Evaluation	Joint	TBD	TBD	M	\$39,248	\$39,248
Residential HVAC	Evaluation and Market Research Activities to be Determined	Joint	TBD	TBD	L	\$10,275	\$10,275
Cool Choice	Continue support of CEE efforts	Joint	Ongoing	On-going	TBD	\$1,467	\$1,467
Motor Up	Continue support of CEE efforts	Joint	Ongoing	Dec-04	TBD	\$1,467	\$1,467
D2	Market Share Monitoring	Joint	TBD	TBD	L		
D2	Targeted Baseline Assessments	Joint	Jan-04	Jun-04	L		
						\$210,215	High Piori
						\$249,463	High and N
						\$262,672	All Pioritie
						\$376,000	Budget

Note:

¹ We have evaluated this program in each of the past two years. Some key implementation practices changed mid-year in 2003 which suggests it may be worthwhile to take another look at this program. However, it may be better to wait until we have a full year of experience with these changes.

